



## **State Receipt and Revenue Plans**



MULTI-YEAR FINANCIAL SUMMARY  
TOTAL EXPENDITURES AND REVENUES  
FISCAL YEARS 04 - 11  
(in millions of dollars)

	<u>Actual FY 04</u>	<u>Estimated FY 05</u>	<u>Estimated FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>
<b>REVENUES:</b>								
Executive Branch:								
Tax Revenues	3,888.5	4,179.3	4,385.1	4,616.8	4,917.1	5,157.8	5,447.5	5,725.7
Nontax Revenues	2,314.8	2,457.1	2,424.0	2,451.2	2,459.6	2,508.1	2,522.9	2,543.3
Federal Funds	1,737.8	1,900.3	1,834.7	1,855.9	1,899.4	1,953.6	2,015.9	2,018.3
Judicial Branch Revenues	35.6	36.7	38.9	39.5	40.2	40.5	41.2	41.3
OHA Revenues	35.9	13.8	13.8	13.8	13.8	13.8	13.8	13.8
Other		(8.4)	(10.3)	(42.5)	(52.4)	(51.3)	(50.2)	(52.1)
Bond Receipts	450.0	615.5	666.5	437.6				
<b>TOTAL REVENUES</b>	<b>8,462.6</b>	<b>9,194.3</b>	<b>9,352.7</b>	<b>9,372.3</b>	<b>9,277.7</b>	<b>9,622.5</b>	<b>9,991.1</b>	<b>10,290.3</b>
<b>EXPENDITURES:</b>								
Executive Branch:								
Operating	7,193.0	7,896.2	8,728.3	8,931.0	9,079.0	9,278.0	9,342.0	9,495.2
Capital Investment *	455.2	967.5	864.5	680.3	248.3	79.4	8.4	0.0
Specific Appropriations	48.5	181.4	6.7	6.7	6.7	6.7	6.7	6.7
Sub-total	7,696.7	9,045.1	9,599.5	9,618.0	9,334.1	9,364.2	9,357.1	9,501.9
Legislative Branch	23.2	23.3	23.3	23.3	23.3	23.3	23.3	23.3
Judicial Branch	119.7	120.1	132.7	132.7	133.8	134.7	135.6	136.6
OHA	7.0	7.5	7.5	7.5	7.5	7.5	7.5	7.5
<b>TOTAL EXPENDITURES</b>	<b>7,846.6</b>	<b>9,196.0</b>	<b>9,763.0</b>	<b>9,781.5</b>	<b>9,498.7</b>	<b>9,529.7</b>	<b>9,523.5</b>	<b>9,669.3</b>
<b>REVENUES OVER EXPEND.</b>	<b>616.0</b>	<b>(1.7)</b>	<b>(410.3)</b>	<b>(409.2)</b>	<b>(221.0)</b>	<b>92.8</b>	<b>467.6</b>	<b>621.0</b>
<b>CARRY-OVER BALANCE (DEFICIT)</b>								
Beginning	3,410.7	4,026.7	4,025.1	3,614.7	3,205.5	2,984.5	3,077.4	3,544.9
Ending	4,026.7	4,025.1	3,614.7	3,205.5	2,984.5	3,077.4	3,544.9	4,165.9

\* No CIP appropriations beyond FB 05-07.

MULTI-YEAR FINANCIAL SUMMARY  
GENERAL FUND  
FISCAL YEARS 04 - 11  
(in millions of dollars)

	Actual <u>FY 04</u>	Estimated <u>FY 05</u>	Estimated <u>FY 06</u>	Estimated <u>FY 07</u>	Estimated <u>FY 08</u>	Estimated <u>FY 09</u>	Estimated <u>FY 10</u>	Estimated <u>FY 11</u>
REVENUES:								
Executive Branch:								
Tax Revenues	3,441.6	3,750.0	3,950.3	4,174.9	4,484.1	4,718.7	5,002	5,278
Nontax Revenues	435.9	435.9	376.0	392.3	403.0	407.0	405	411
Judicial Branch Revenues	30.2	29.1	29.7	30.3	30.9	31.5	32	32
Other		(8.4)	(10.3)	(42.5)	(52.4)	(51.3)	(50.2)	(52.1)
TOTAL REVENUES	3,907.7	4,206.6	4,345.7	4,555.0	4,865.6	5,105.9	5,389.4	5,669.1
EXPENDITURES:								
Executive Branch:								
Operating	3,691.7	3,884.8	4,405.9	4,523.4	4,598.5	4,704.5	4,707.2	4,784.3
Specific Appropriations	48.5	181.4	6.7	6.7	6.7	6.7	6.7	6.7
Sub-total	3,740.2	4,066.2	4,412.6	4,530.1	4,605.2	4,711.2	4,713.9	4,791.0
Legislative Branch	23.2	23.3	23.3	23.3	23.3	23.3	23.3	23.3
Judicial Branch	111.0	112.7	123.6	123.6	124.5	125.4	126.3	127.2
OHA	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Lapses	(36.6)	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)	(55.0)
TOTAL EXPENDITURES	3,840.3	4,149.7	4,507.0	4,624.5	4,700.5	4,807.4	4,811.0	4,889.0
REVENUES OVER EXPEND.	67.4	56.9	(161.3)	(69.5)	165.1	298.5	578.4	780.1
CARRY-OVER BALANCE (DEFICIT)								
Beginning	117.2	184.6	241.5	80.2	10.7	175.8	474.3	1,052.7
Ending	184.6	241.5	80.2	10.7	175.8	474.3	1,052.7	1,832.8
Emergency & Budget Reserve Fund	54.0	54.1	63.7	73.3	87.7	102.2	116.6	131.1

**SUMMARY STATEMENT OF GENERAL FUND  
EXPENDITURE CEILING AND APPROPRIATIONS**

**A. Total State Personal Income (in \$ millions)**

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1. Calendar Year 2001	35,039
2. Calendar Year 2002	36,759
3. Calendar Year 2003	38,470
4. Calendar Year 2004*	40,701
5. Calendar Year 2005*	43,102

\* As estimated by the Council on Revenues

**B. All Branches of State Government**

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1. General Fund Appropriations

Fiscal Year 2004	3,876,946,942
Fiscal Year 2005 (incl. proposed)	4,229,191,292
Fiscal Year 2006 (proposed)	4,538,667,820
Fiscal Year 2007 (proposed)	4,656,105,157

2. General Fund Expenditure Ceilings

Fiscal Year 2006	5,056,199,968
Fiscal Year 2007	5,331,814,852

**C. Executive Branch**

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1. Recommended General Fund Appropriations

Fiscal Year 2006	4,412,517,633
Fiscal Year 2007	4,529,962,766

2. Actual General Fund Appropriations

Fiscal Year 2004	3,740,224,004
Fiscal Year 2005	4,047,994,791

3.

Proposed Add'l Appropriations FY 05	46,909,589
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Total FY 2005

4,094,904,380

4.

General Fund Appropriation Ceilings

Fiscal Year 2005	3,880,734,622
Fiscal Year 2006	4,304,601,464
Fiscal Year 2007	4,653,045,212

MULTI-YEAR FINANCIAL SUMMARY  
FUND BALANCES OF SPECIAL FUNDS  
FISCAL YEARS 04 - 11  
(in millions of dollars)

	<u>Actual FY 04</u>	<u>Estimated FY 05</u>	<u>Estimated FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>
Transportation:								
Highways	343.2	361.2	283.5	220.7	180.2	175.4	205.3	233.0
Airports	772.3	603.6	558.6	448.9	394.6	404.9	425.2	445.5
Harbors	157.7	124.2	109.9	107.8	115.6	130.2	148.2	166.2
Agriculture	4.7	3.7	3.2	2.7	2.1	1.4	0.8	0.2
Business, Econ. Dev. & Tourism	29.0	23.8	15.0	8.6	6.7	9.4	16.2	23.0
Commerce & Consumer Affairs	44.2	37.0	30.3	24.4	18.3	12.5	6.2	0.6
Education	21.5	69.8	122.5	175.0	227.4	279.9	332.3	384.7
Health	68.2	79.8	49.1	24.1	1.8	2.7	3.6	4.5
Labor & Industrial Relations	383.7	410.3	440.0	469.6	499.2	528.8	558.4	588.0
Land and Natural Resources	28.8	24.7	20.3	16.6	13.1	9.7	6.4	3.2
University of Hawaii*	44.0	33.2	17.7	(8.8)	(34.7)	(60.6)	(86.5)	(112.5)
Others	115.4	125.5	134.3	144.4	158.8	173.0	187.3	201.7
<b>TOTAL**</b>	<b>2,012.7</b>	<b>1,896.8</b>	<b>1,784.4</b>	<b>1,634.0</b>	<b>1,583.1</b>	<b>1,667.3</b>	<b>1,803.4</b>	<b>1,938.1</b>

\* Revenue and expenditure projections will be reviewed.

\*\* Special fund CIP expenditures will be reviewed; no special fund CIP appropriations beyond FB 05-07.

MULTI-YEAR FINANCIAL SUMMARY  
SPECIAL FUNDS  
FISCAL YEARS 04 - 11  
(in millions of dollars)

	<u>Actual FY 04</u>	<u>Estimated FY 05</u>	<u>Estimated FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>
REVENUES:								
Executive Branch:								
Tax Revenues	440.1	424.4	429.8	436.9	428.2	434.3	440.5	442.4
Nontax Revenues	1,074.7	1,054.8	1,118.1	1,127.7	1,133.0	1,159.4	1,163.5	1,164.3
Federal Funds	120.8	328.3	246.9	247.0	247.3	247.6	247.6	247.6
Judicial Branch Revenues	5.4	7.6	9.2	9.2	9.3	9.0	9.1	9.2
<b>TOTAL REVENUES</b>	<b>1,641.0</b>	<b>1,815.1</b>	<b>1,804.0</b>	<b>1,820.8</b>	<b>1,817.8</b>	<b>1,850.3</b>	<b>1,860.7</b>	<b>1,863.5</b>
EXPENDITURES:								
Executive Branch:								
Operating	1,204.7	1,590.1	1,706.8	1,712.4	1,713.0	1,718.6	1,715.7	1,719.8
Capital Investment *	304.4	333.8	200.7	249.9	146.8	38.6	0.0	0.0
<b>Sub-total</b>	<b>1,509.1</b>	<b>1,923.9</b>	<b>1,907.5</b>	<b>1,962.3</b>	<b>1,859.8</b>	<b>1,757.2</b>	<b>1,715.7</b>	<b>1,719.8</b>
Judicial Branch	6.5	7.2	8.9	8.9	9.0	9.0	9.0	9.1
<b>Total Expenditures</b>	<b>1,515.6</b>	<b>1,931.1</b>	<b>1,916.4</b>	<b>1,971.2</b>	<b>1,868.7</b>	<b>1,766.1</b>	<b>1,724.6</b>	<b>1,728.8</b>
REVENUES OVER EXPEND.	125.4	(116.0)	(112.4)	(150.4)	(50.9)	84.2	136.1	134.7
CARRY-OVER BALANCE (DEFICIT)								
Beginning	1,887.3	2,012.7	1,896.8	1,784.4	1,634.0	1,583.1	1,667.3	1,803.4
Ending	2,012.7	1,896.8	1,784.4	1,634.0	1,583.1	1,667.3	1,803.4	1,938.1

\* Special fund CIP expenditures will be reviewed; no special fund CIP appropriations beyond FB 05-07.

GENERAL FUND  
MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES  
FISCAL YEARS 04 - 11  
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 04</u>	<u>Estimated FY 05</u>	<u>Estimated FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>
Licenses & Permits	1,246	966	963	963	963	963	963	963
Revenues From Use of Money and Property	47,474	48,403	47,442	46,595	45,874	44,119	43,431	43,833
Federal	58,720	3,161	3,161	3,161	3,161	3,161	3,161	3,161
Other Agencies	3,231	1,403	1,403	1,402	1,402	1,402	1,402	1,402
Charges for Current Services	156,980	157,314	166,088	169,956	174,838	179,345	184,689	189,750
Fines, Forfeits & Penalties	557	547	545	545	545	545	545	545
Repayment of Loans & Advanc.	18,136	22,145	26,954	28,681	27,961	27,434	20,994	20,994
Other Revenues	149,559	201,926	129,481	140,982	148,291	149,959	150,076	150,076
Sub-total	435,902	435,865	376,037	392,285	403,035	406,928	405,261	410,722
Judicial Branch Revenues	30,205	29,135	29,747	30,335	30,927	31,527	32,145	32,145
TOTAL	466,108	465,000	405,783	422,620	433,962	438,455	437,406	442,867



SPECIAL FUNDS  
MULTI-YEAR REVENUES FROM TAXES  
FISCAL YEARS 04 - 11  
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 04</u>	<u>Estimated FY 05</u>	<u>Estimated FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>
Transfer of Gen. Excise Tax	6,161	1,350						
Transfer of Tobacco Tax	1,004	1,065	1,145	1,145	1,145	1,145	1,145	1,145
Liquid Fuel:								
Highway	79,846	80,623	82,502	84,413	85,262	86,114	86,980	87,849
Aviation	2,952	2,687	2,713	2,741	2,768	2,796	2,824	2,824
Small Boats	1,555	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Sub-total	84,354	84,610	86,515	88,459	89,330	90,210	91,104	91,973
Transfer of Trans. Accom. Tax	94,752	93,812	97,304	101,015	104,886	103,892	113,096	113,096
Motor Vehicle Weight Tax	27,393	27,667	27,943	28,223	28,504	28,789	29,077	29,368
Vehicle Registration Fee Tax	19,174	19,366	19,559	19,755	19,952	20,152	20,353	20,557
Vehicle Surcharge:								
Rental/Tour Vehicles	41,414	42,242	43,087	43,949	29,884	30,482	31,091	31,713
Environmental Response Tax	1,628	1,800	1,800	1,800	1,800	1,800	1,800	1,800
Unemployment Comp. Tax	156,944	147,000	147,000	147,000	147,000	147,000	147,000	147,000
Employment and Training	1,000	950	900	900	900	900	900	900
Election Campaign Contrib. T.F.	518	260	260	260	260	260	260	260
Transfer of Banks & fin. Corp. Tax	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transfer of Conveyance Tax	9,216	5,740	5,772	5,772	5,772	5,772	5,772	5,772
Transfer of Ins. Premium Tax	1,335	1,473	1,500	1,600	1,600	1,700	1,700	1,700
<b>TOTAL</b>	<b>446,892</b>	<b>429,334</b>	<b>434,785</b>	<b>441,877</b>	<b>433,033</b>	<b>439,102</b>	<b>445,298</b>	<b>447,284</b>

SPECIAL FUNDS  
MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES  
FISCAL YEARS 04 - 11  
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 04</u>	<u>Estimated FY 05</u>	<u>Estimated FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>
Licenses & Permits	13,075	13,173	13,204	13,177	13,555	13,231	13,427	13,438
Revenues From Use of Money and Property	76,709	79,176	80,659	80,917	79,664	79,748	80,883	80,993
Federal	120,768	328,264	246,855	247,028	247,328	247,629	247,586	247,586
Other Agencies	38,830	43,021	43,021	43,021	43,021	64,216	64,216	64,216
Charges for Current Services: Utilities & Other Enterprises	322,164	305,571	318,790	321,723	320,741	323,734	327,239	327,239
Others	244,440	522,893	571,231	577,539	580,627	583,086	582,393	582,893
Fines, Forfeits & Penalties	5,802	2,340	2,380	2,421	2,467	2,564	2,560	2,560
Non-Revenue Receipts	373,707	88,766	88,791	88,802	92,932	92,932	92,932	92,932
Judicial Branch Revenues	5,383	7,646	9,211	9,175	9,332	8,953	9,076	9,201
<b>TOTAL</b>	<b>1,200,878</b>	<b>1,390,850</b>	<b>1,374,142</b>	<b>1,383,803</b>	<b>1,389,667</b>	<b>1,416,093</b>	<b>1,420,312</b>	<b>1,421,061</b>

SPECIAL REVENUE FUNDS - OTHER THAN SPECIAL FUNDS  
MULTI-YEAR REVENUES FROM SOURCES OTHER THAN TAXES  
FISCAL YEARS 04 - 11  
(in thousands of dollars)

<u>Source</u>	<u>Actual FY 04</u>	<u>Estimated FY 05</u>	<u>Estimated FY 06</u>	<u>Estimated FY 07</u>	<u>Estimated FY 08</u>	<u>Estimated FY 09</u>	<u>Estimated FY 10</u>	<u>Estimated FY 11</u>
Licenses & Permits	428	425	425	425	425	425	425	425
Revenues From Use of Money and Property	54,561	52,868	50,786	50,505	50,829	50,775	50,683	50,698
Federal	1,558,316	1,568,832	1,584,550	1,605,705	1,648,937	1,702,787	1,765,056	1,767,485
Other Agencies	11,407	10,744	10,744	10,520	10,520	10,520	10,520	10,520
Charges for Current Services	105,885	132,026	94,757	75,800	78,170	76,310	76,170	76,206
Fines, Forfeits & Penalties	2,065	1,303	1,258	1,258	1,258	1,258	1,258	1,258
Other Revenues	688,515	772,232	775,103	795,925	785,622	805,602	818,279	832,357
OHA Revenues	35,948	13,800	13,800	13,800	13,800	13,800	13,800	13,800
<b>TOTAL</b>	<b>2,457,125</b>	<b>2,552,230</b>	<b>2,531,423</b>	<b>2,553,938</b>	<b>2,589,561</b>	<b>2,661,477</b>	<b>2,736,191</b>	<b>2,752,749</b>

MultiYear Borrowing Plan Fiscal Years 2005-2010	Actual 2003-2004 (in thousands)	Estimated 2004-2005 (in thousands)	Estimated 2005-2006 (in thousands)	Estimated 2006-2007 (in thousands)	Estimated 2007-2008 (in thousands)	Estimated 2008-2009 (in thousands)	Estimated 2009-2010 (in thousands)
Current Requirement (Bond Fund)							
Housing Lcan Program	107,055	40,000	75,000	65,000	*	*	*
Research & Development	---	---	---	---	*	*	*
Capital Investment	265,772	676,467	317,702	306,075	*	*	*
Operating	---	---	---	---	*	*	*
Total	372,827	716,467	392,702	371,075	*	*	*
Cumulative Authorized & Unissued Bonds (Prior Period Requirements)							
GO Bonds	745,590	545,881	610,730	396,087	*	*	*
RGO	4,936	5,513	0	0	*	*	*
Revenue Bonds	2,410,550	2,532,509	2,580,198	2,521,563	*	*	*
Total	3,161,076	3,083,903	3,184,916	2,911,138	*	*	*
Total Bonds Issued							
GO Bonds	449,177	487,204	547,669	327,613	*	*	*
RGO	823	12,175	10,500	10,000	*	*	*
Revenue Bonds	0	116,075	108,311	99,941	*	*	*
Total	450,000	615,454	666,480	437,554	*	*	*
Cumulative Authorized & Unissued Bonds (Prior & Current Period Requirements)							
GO Bonds	545,881	610,730	396,087	332,518	*	*	*
RGO	5,513	0	0	0	*	*	*
Revenue Bonds	2,532,509	2,580,198	2,521,563	2,518,653	*	*	*
Total	3,083,903	3,190,928	2,917,650	2,851,171	*	*	*

The following lapses have been deducted from this table.

\* Not Reported

GO Bonds	92,940,902
RGO Bonds	2,316,329
Rev Bonds	453,681,027
	<u>548,938,258</u>

**SCHEDULE OF PROJECTED DEBT SERVICE CHARGES FOR GENERAL OBLIGATION BONDS  
ISSUED AND TO BE ISSUED BY JUNE 30, 2007**

(IN THOUSANDS)

Debt Service On Bonds Outstanding As of December 1, 2004				Debt Service On Bonds To Be Issued Through June 30, 2007			Total Estimated Debt Service		
Fiscal Year	Direct From General Fund	Reimbursable Debt Service	Total	Direct From General Fund	Reimbursable Debt Service	Total	Direct From General Fund	Reimbursable Debt Service	Total
2003-2004	\$ 280,135	\$ 43,669	\$ 323,804	\$ -	\$ -	\$ -	\$ 280,135	\$ 43,669	\$ 323,804
2004-2005	\$ 306,297	\$ 38,426	\$ 344,723	\$ -	\$ -	\$ -	\$ 306,297	\$ 38,426	\$ 344,723
2005-2006	\$ 428,574	\$ 64,332	\$ 492,906	\$ 9,619	\$ 3,206	\$ 12,825	\$ 438,193	\$ 67,538	\$ 505,731
2006-2007	\$ 462,805	\$ 67,032	\$ 529,837	\$ 13,894	\$ 4,631	\$ 18,525	\$ 476,699	\$ 71,663	\$ 548,362
2007-2008	\$ 470,519	\$ 61,511	\$ 532,030	\$ 26,719	\$ 8,906	\$ 35,625	\$ 497,238	\$ 70,417	\$ 567,655
2008-2009	\$ 496,845	\$ 59,803	\$ 556,647	\$ 26,719	\$ 8,906	\$ 35,625	\$ 523,563	\$ 68,709	\$ 592,272
2009-2010	\$ 417,329	\$ 44,251	\$ 461,580	\$ 33,458	\$ 11,153	\$ 44,610	\$ 450,786	\$ 55,404	\$ 506,190
2010-2011	\$ 396,047	\$ 43,325	\$ 439,372	\$ 33,840	\$ 11,280	\$ 45,120	\$ 429,887	\$ 54,605	\$ 484,492
2011-2012	\$ 346,399	\$ 35,596	\$ 381,995	\$ 45,262	\$ 15,087	\$ 60,349	\$ 391,661	\$ 50,683	\$ 442,344

**Schedule of General Obligation Bond Sales:**

**Fiscal Year 2004-2005**

Second Half      \$225,000

**Fiscal Year 2005-2006**

First Half      \$250,000

Second Half      \$250,000

**Fiscal Year 2006-2007**

First Half      \$200,000

Second Half      \$200,000

**Maturities of Bonds to be issued:**

20 year serial bonds with principal repayment beginning the fifth year.

**Method of Retirement:**

Maturing in substantial equal installment of debt service (principal and interest)

Assumed Interest Rates: 5.70%

TENTATIVE SCHEDULE BY QUARTER AND FISCAL YEAR  
OF THE AMOUNT OF GENERAL OBLIGATION BONDS AND REVENUE BONDS  
TO BE ISSUED IN THE FISCAL BIENNIUM

<u>GENERAL OBLIGATION BONDS</u>		<u>AMOUNT</u>	<u>TOTAL</u>
FY 2004-2005			
Second Quarter - sold October 2004	\$ 225,000,000		
Third Quarter	225,000,000	\$ 450,000,000	
FY 2005-2006			
Second Quarter	250,000,000		
Third Quarter	250,000,000	500,000,000	
FY 2006-2007			
Second Quarter	200,000,000		
Third Quarter	\$ 200,000,000	400,000,000	
Total General Obligation Bonds		\$ 900,000,000	
<u>REVENUE BONDS</u>			
FY 2004-2005			
Third Quarter			
Highways	\$ 60,000,000		
Hsg & Comm Dev Corp of HI	40,000,000		
Fourth Quarter			
Harbors	\$ 60,000,000	\$ 160,000,000	
FY 2005-2006			
First Quarter			
Hsg & Comm Dev Corp of HI	\$ 20,000,000		
Second Quarter	24,000,000		
University of Hawaii	40,000,000		
Third Quarter			
Hsg & Comm Dev Corp of HI	15,000,000		
Fourth Quarter			
Hsg & Comm Dev Corp of HI	\$ 80,000,000	\$ 179,000,000	
Highways			
FY 2006-2007			
Third Quarter			
Hsg & Comm Dev Corp of HI	40,000,000		
Fourth Quarter			
Harbors	51,000,000		
Hsg & Comm Dev Corp of HI	\$ 25,000,000	116,000,000	
Total Revenue Bonds		\$ 455,000,000	

## DECLARATION OF FINDINGS

Pursuant to Section 37-71(d)(6) of the Hawaii Revised Statutes, the Director of Finance finds and declares that with respect to the proposed capital improvement appropriations for the budget period 2005-2007 for which the source of funding is general obligation bonds:

(1) Limitation on general obligation debt. Article VII, Section 13, of the State Constitution, states in part: "General obligation bonds may be issued by the State; provided that such bonds at the time of issuance would not cause the total amount of principal and interest payable in the current or any future fiscal year, whichever is higher, on such bonds and on all outstanding general obligation bonds to exceed ... a sum equal to eighteen and one-half percent of the average of the general fund revenues of the State in the three fiscal years immediately preceding such issuance." Article VII, Section 13, also provides that in determining the power of the State to issue general obligation bonds, certain bonds are excludable, including "reimbursable general obligation bonds issued for a public undertaking, improvement or system but only to the extent that reimbursements to the general fund are in fact made from

the net revenue, or net user tax receipts, or combination of both, as determined for the immediately preceding fiscal year."

(2) Actual and estimated debt limits. The limit on principal and interest of general obligation bonds issued by the State, actual for fiscal year 2004-2005 and estimated for each fiscal year from fiscal year 2005-2006 to 2008-2009, is as follows:

<u>Fiscal Year</u>	<u>Net General Fund Revenues</u>	<u>Debt Limit</u>
2001-02	\$3,412,344,368	
2002-03	3,766,053,192	
2003-04	3,894,091,730	
2004-05	4,197,133,000	\$682,803,506
2005-06	4,334,817,000	731,198,805
2006-07	4,575,957,000	766,272,573
2007-08	4,898,564,000	808,320,932
2008-09	(not applicable)	851,575,843

For fiscal years 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009 respectively, the debt limit is derived by multiplying the average of the net general fund revenues for the three preceding fiscal years by eighteen and one-half percent. The net general fund revenues for fiscal years 2001-2002, 2002-2003 and

2003-2004 are actual, as certified by the Director of Finance in the Statement of the Debt Limit of the State of Hawaii as of July 1, 2004, dated November 26, 2004. The net general fund revenues for fiscal years 2004-2005 to 2007-2008 are estimates, based on general fund revenue estimates made as of September 9, 2004, by the Council On Revenues, the body assigned by Article VII, Section 7, of the State Constitution to make such estimates, and based on estimates made by the Department of Budget and Finance of those receipts which cannot be included as general fund revenues for the purpose of calculating the debt limit, all of which estimates the Director of Finance finds to be reasonable.

(3) Principal and interest on outstanding bonds applicable to the debt limit. In determining the power of the State to issue general obligation bonds for the fiscal years 2005-2006 to 2024-2025, the total amount of principal and interest on outstanding general obligation bonds are as follows:



Net Debt Service

Fiscal Year Ending June 30	Gross			Excludable			Net		
	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable	Principal Payable	Interest Payable	Debt Service Payable
2006	267,904,333	225,001,893	492,906,226	16,648,651	4,485,075	21,133,725	251,255,682	220,516,818	471,772,500
2007	315,829,530	214,007,562	529,837,092	17,881,878	3,751,493	21,633,372	297,947,652	210,256,069	508,203,720
2008	331,875,308	200,155,009	532,030,317	16,633,817	2,923,877	19,557,694	315,241,491	197,231,132	512,472,623
2009	371,699,472	184,947,832	556,647,304	16,369,757	2,125,208	18,494,965	355,329,715	182,822,624	538,152,339
2010	308,499,540	153,080,467	461,580,007	9,715,228	1,380,075	11,095,303	298,784,312	151,700,392	450,484,704
2011	315,905,000	123,467,329	439,372,329	9,889,676	917,403	10,807,079	306,015,324	122,549,926	428,565,250
2012	274,545,000	107,449,733	381,994,733	7,131,360	512,968	7,644,327	267,413,640	106,936,765	374,350,406
2013	286,500,000	92,954,978	379,454,978	4,030,939	203,411	4,234,350	282,469,061	92,751,567	375,220,628
2014	254,795,000	78,634,643	333,429,643	3,287,725	120,159	3,407,885	251,507,275	78,514,484	330,021,758
2015	252,115,000	65,442,928	317,557,928	3,082,744	69,983	3,152,727	249,032,256	65,372,945	314,405,201
2016	183,080,000	51,907,956	234,987,956	1,746,340	26,380	1,772,720	181,333,660	51,881,576	233,215,236
2017	204,870,000	42,674,743	247,544,743	1,298,851	13,935	1,312,786	203,571,149	42,660,808	246,231,957
2018	146,525,000	32,802,261	179,327,261	19,328	4,136	23,464	146,505,672	32,798,125	179,303,797
2019	108,645,000	25,731,426	134,376,426	20,308	3,170	23,477	108,624,692	25,728,256	134,352,949
2020	91,385,000	20,644,882	112,029,882	21,334	2,154	23,488	91,363,667	20,642,728	112,006,394
2021	97,275,000	15,890,750	113,165,750	22,409	1,088	23,496	97,252,591	15,889,662	113,142,254
2022	101,170,000	10,815,031	111,985,031				101,170,000	10,815,031	111,985,031
2023	64,030,000	6,036,661	70,066,661				64,030,000	6,036,661	70,066,661
2024	58,550,000	2,945,504	61,495,504				58,550,000	2,945,504	61,495,504
2025	19,730,000	468,173	20,198,173				19,730,000	468,173	20,198,173

Additionally, the outstanding principal amount of bonds constituting instruments of indebtedness in which the State has incurred a contingent liability as a guarantor is \$191,000,000, all or a portion of which pursuant to Article VII, Section 13 of the State Constitution, is excludable in determining the power of the State to issue general obligation bonds.

(4) Amount of authorized and unissued general obligation bonds and proposed bonds. As calculated from the State Comptroller's bond fund report as of August 31, 2004, adjusted for the issuance of \$225,000,000 in General Obligation Bonds of 2004, Series DE, the total amount of authorized but unissued general obligation bonds, is \$935,017,008. The amount of general obligation bonds proposed in THE MULTI-YEAR PROGRAM AND FINANCIAL PLAN AND EXECUTIVE BUDGET For The Period 2005-2011 [Budget Period: 2005-2007] (referred to as the "Budget") is \$617,070,000 (but does not include capital improvement appropriations to be funded through the issuance of general obligation bonds proposed by the Judiciary). The total amount of general obligation bonds previously authorized and unissued and the general obligation bonds proposed in the Budget is \$1,552,087,008.

(5) Proposed general obligation bond issuance. As reported in the Budget, as it applies to the fiscal period 2004-2005 to 2008-2009, the State proposed to issue \$225,000,000 in general obligation bonds during the remainder of fiscal year 2004-2005, \$250,000,000 in general obligation bonds semi-annually during fiscal year 2005-2006, \$200,000,000 in general obligation bonds semi-annually during fiscal year 2006-2007, \$125,000,000 in general obligation bonds semi-annually during fiscal year 2007-2008 and \$100,000,000 in general obligation bonds semi-annually during fiscal year 2008-2009. It is the practice of the State to issue twenty-year serial bonds with principal repayments beginning the fifth year, payable in substantially equal annual installments of principal and interest payment with interest payments commencing six months from the date of issuance and being paid semi-annually thereafter. It is assumed that this practice will continue to be applied to the bonds, which are proposed to be issued except that principal repayments will begin in the fifth year.

(6) Sufficiency of proposed general obligation bond issuance to meet the requirements of authorized and unissued bonds and the bonds proposed in the Budget. From the schedule reported in

paragraph (5), the total amount of general obligation bonds, which the State proposes to issue during this fiscal year and in fiscal years 2005-2006, 2006-2007, 2007-2008, and 2008-2009, is \$1,575,000,000. The total amount of \$1,575,000,000 which is proposed to be issued through fiscal year 2008-2009 is sufficient to meet the requirements of the previously authorized and unissued bonds and the bonds proposed in the Budget, the total amount of which is \$1,552,087,008, as reported in paragraph (4). Thus, taking the Budget into account the amount of previously authorized and unissued bonds and bonds proposed in the versus the amount of bonds which is proposed to be issued by June 30, 2009, the Director of Finance finds that in the aggregate, the amount of bonds is sufficient to meet these requirements.

(7) Bonds excludable in determining the power of the State to issue bonds. As noted in paragraph (1), certain bonds are excludable in determining the power of the State to issue general obligation bonds. (A) General obligation reimbursable bonds can be excluded under certain conditions. It is not possible to make a conclusive determination as to the amount of reimbursable bonds which are excludable from the amount of each proposed bond issuance because:

- (i) It is not known exactly when projects for which reimbursable bonds have been authorized in prior acts and in the Budget will be implemented and will require the application of proceeds from a particular bond issue; and
- (ii) Not all reimbursable general obligation bonds may qualify for exclusion.

However, the Director of Finance notes that with respect to the principal and interest on outstanding general obligation bonds, as reported in Section 3 herein, the average proportion of principal and interest which is excludable each year from calculation against the debt limit is 2.74 percent for the ten years from fiscal year 2005-2006 to fiscal year 2014-2015. For the purpose of this declaration, the assumption is made that 1 percent of each bond issue will be excludable from the debt limit, an assumption which the Director of Finance finds to be reasonable and conservative. (B) Bonds constituting instruments of indebtedness under which the State incurs a contingent liability as a guarantor can be excluded but only to the extent the principal amount of such guaranties does not exceed seven percent of the principal amount of outstanding general obligation bonds not otherwise

excluded under subparagraph (A) of this paragraph (7) and provided that the State shall establish and maintain a reserve in an amount in reasonable proportion to the outstanding loans guaranteed by the State as provided by law. According to the Department of Budget and Finance and the assumptions presented herein, the total principal amount of outstanding general obligation bonds and general obligation bonds proposed to be issued, which are not otherwise excluded under Article VII, Section 13 of the State Constitution for the fiscal years 2004-2005, 2005-2006, 2006-2007, 2007-2008 and 2008-2009 are as follows:

<u>Fiscal Year</u>	<u>Total Amount of General Obligation Bonds not otherwise excluded by Article VII, Section 13 of the State Constitution</u>
2004-05	\$4,169,877,840
2005-06	4,413,622,158
2006-07	4,511,674,506
2007-08	4,443,933,015
2008-09	4,286,603,300

Based on the foregoing and based on the assumption that the full amount of a guaranty is immediately due and payable when such guaranty changes from a

contingent liability to an actual liability, the aggregate principal amount of the portion of the outstanding guaranties and the guaranties proposed to be incurred, which does not exceed seven percent of the average amount set forth in the last column of the above table and for which reserve funds have been or will have been established as heretofore provided by, can be excluded in determining the power of the State to issue general obligation bonds. As it is not possible to predict with a reasonable degree of certainty when a guaranty will change from a contingent liability to an actual liability, it is assumed in conformity with fiscal conservatism and prudence, that all guaranties not otherwise excluded pursuant to Article VII, Section 13 of the State Constitution will become due and payable in the same fiscal year in which the greatest amount of principal and interest on general obligation bonds, after exclusions, occurs. Thus, based on such assumptions and on the determination in paragraph (8), the aggregate principal amount of the portion of the outstanding guaranties; which must be included in determining the power of the State to issue general obligation bonds, is \$0.

(8) Determination whether the debt limit will be exceeded at the time of issuance.  
From the foregoing and on the assumption

that the bonds identified in paragraph (5) will be issued at interest rate of 5.7 percent during fiscal years 2004-2005, 2005-2006 and 2006-2007 and 6.0 percent during fiscal years 2007-2008 and 2008-2009, as reported in the Budget, it can be determined from the following schedule that the bonds which are proposed to be issued, which includes all bonds issued and outstanding, bonds previously authorized and unissued and the bonds proposed in the Budget, will not cause the debt limit to be exceeded at the time of each bond issuance:

<u>Time of Issue &amp; Amount of Issue to be Counted Against Debt Limit</u>	<u>Debt Limit at Time of Issuance</u>	<u>Greatest Amount &amp; Year of Principal &amp; Interest</u>
Remainder of FY 2004-2005		
\$222,750,000	682,803,506	550,846,089 (2008-2009)
1st half FY 2005-2006		
\$247,500,000	731,198,805	564,956,589 (2008-2009)
2nd half FY 2005-2006		
\$247,500,000	731,198,805	579,064,089 (2008-2009)
1st half FY 2006-2007		
\$198,000,000	766,272,573	590,944,089 (2008-2009)
2nd half FY 2006-2007		
\$198,000,000	766,272,573	602,230,089 (2008-2009)
1st half FY 2007-2008		
\$123,750,000	808,320,932	609,655,089 (2008-2009)
2nd half FY 2007-2008		
\$123,750,000	808,320,932	617,080,089 (2008-2009)
1st half FY 2008-2009		
\$99,000,000	851,575,843	544,247,454 (2009-2010)
2nd half FY 2008-2009		
\$99,000,000	851,575,843	550,187,454 (2009-2010)

(9) Overall and concluding finding. From the facts, estimates, and assumptions stated in this declaration of findings,

the conclusion is reached that the total amount of principal and interest estimated for the general obligation bonds proposed in the Budget and for all bonds previously authorized and unissued and calculated for all bonds issued and outstanding and guaranties, will not cause the debt limit to be exceeded at the time of issuance.

The Director of Finance hereby finds that the bases for the declaration of findings set forth herein are reasonable. The assumptions set forth in this declaration with respect to the principal amount of general obligation bonds which will be issued, the amount of principal and interest on reimbursable general obligation bonds which are assumed to be excludable and the assumed maturity structure shall not be deemed to be binding, it being the understanding that such matters must remain subject to substantial flexibility.

/s/

Director of Finance  
State of Hawaii

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